

DETAILED ACTION

1. The following is a **Final Action** on merits in response to a communication received on **1/22/2008**.

Acknowledgement

2. The amendments with **claims 1, 7 and 9** received on **1/22/08** have been entered. As such **Claims 1-10** are pending.

Claim Rejections - 35 USC § 112

3. The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

4. **Claims 1-10** are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the written description requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to reasonably convey to one skilled in the relevant art that the inventor(s), at the time the application was filed, had possession of the claimed invention.

In the claim 1, at line 12, the recitation, “a cost to the entity” renders the claim indefinite since it is not found in the original specification.

In the claim 7, at line 15, the recitation, “a plurality of iteratively changed values of stock price” renders the claim indefinite, since it is not found in the original specification.

Claim Rejections - 35 USC § 103

5. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

6. **Claims 1-10** are rejected under 35 U.S.C. 102 (e) as being unpatentable over *Ichihari et al* (2003/0046203) in view of *Vass* (US 7,251,627).

As per claim 1, *Ichihari* discloses a method implemented by a programmed computer system (see para **0090-0092** and **Fig.13**; via computer system [para **0033**]) comprises the steps of:

iteratively changing a value of a debt/equity ratio associated with the entity (see para **0062-0063**; via an enterprise makes loss as a result of volatility of earnings by a business risk inherently implied reiteration of stock prices resulting repeated change of debt/equity ratio);

calculating values of earnings per share associated with the entity based at least in part upon the iteratively changed values of the debt/equity ratio associated with the entity (para **0081**; via step **108** in **Fig.1**)

calculating values of earnings per share risk associated with the entity based at least in part upon the iteratively changed values of the debt/equity ratio associated with the entity (para **0061**; via step **106** in **Fig.1**); and

recording the calculated earnings per share values associated with the entity and

the calculated earnings per share risk values associated with the entity (see para 0091 and 0095; via all calculated data are recorded and stored in data files **180-190**).

Wherein the recorded calculated earning per share values associated with the entity and the recorded calculated earnings per share risk values associated with the entity characterize a capital structure of the entity in connection with a cost to the entity of a selected debt/equity ratio relative to a risk associated with the selected debt/equity ratio (para **0090-0092** and **Fig.13**; via computer system and enterprise as entity and para **0062-0063**; via an enterprise makes loss as a result of volatility of earnings by a business risk related to inherent reiterative changes of stock prices resulting uncertain debt/equity ratio)

However, **Ichihari** fails explicitly to disclose iteratively changing a value of a debt / equity ratio associated with the entity. But **Vass** being in the same field of invention discloses iteratively changing a value of a debt / equity ratio associated with the entity (**col.4**, lines 9-13 and 50-54; via inherent and implied **NYSE**'s reiteratively changes of stock prices resulting debt/equity ratio change for all stocks. Accordingly scanning the stocks of the initial universe and attention is paid to the debt to equity ratio of each stock with program setting a threshold for the debt/equity ratio of 20% or less).

Therefore, it would have been obvious to one of ordinary skill in the art at the time of invention was made to modify the disclosure and features mentioned by **Ichihari** to include the features as taught by **Vass** to facilitate the proper selection of stocks into the universe.

As per claim 2, *Ichihari* discloses that the entity is a public corporation (para **0033**; via to measure performance of an entire enterprise, public entity).

As per claim 3, *Ichihari* discloses, at least one of the calculated earnings per share values and the calculated earnings per share risk values is applied to a financial presentation relating to at least one of a balance sheet and an earnings per share metric (para **0091** and **0100**; via earning per share [as **MEVA**] calculation and storing and display inherently data may be shown in spreadsheet for presentation).

As per claim 4, *Ichihari* discloses that the iterations and calculations are carried out at least in part using a Monte Carlo simulation (para **0089**; via performing the Monte Carlo Simulation).

As per claim 5, *Ichihari* discloses that the outputted calculated earnings per share values and the outputted calculated earnings per share risk values are plotted against one another (para **0059, 0060** and **Fig.5**).

As per claim 6, *Ichihari* discloses that the plot of calculated earnings per share values versus calculated earnings per share risk values is credit adjusted (para **0052-0054** and **Fig.3**).

As per claims 7 and 9, *Ichihari* discloses the steps further comprising:
inputting data associated with the entity including a number of common shares outstanding, a value of earnings, a value of dividends per share, a change in the effective number of common shares outstanding, which change in the effective number of common shares outstanding reflects the possibility, based upon an economically

reasonable analysis in light of market conditions, of conversion of a convertible security; and a value of coupon payments;

wherein each value of earnings per share is calculated at least in part using the formula

$$\text{EPS} = \text{DPS}_o + (\text{Earnings}_o - N_o \times \text{DPS}_o - \text{Coupon}) / N_o + \Delta N_{\text{eff}}$$

wherein Earnings equals the input value of earnings, N_o equals the input number of common shares outstanding, DPS_o equals the input value of dividends per share, Coupon equals the input value of coupon payments, and ΔN_{eff} equals the input change in the effective number of common shares outstanding, based at least in part upon each of a plurality of iteratively changed values of stock price associated with the entity (para **0033-0039**; via identical expression of **EPS** or earnings of an enterprise with shares or Market efficiency value added = Net operating profit after Tax- Cost of Capital)

As per claims 8 and 10, Ichihari discloses that the economically reasonable analysis in light of market conditions takes into account a conversion premium associated with the convertible security (para **0095-96**; via analysis with historical and simulation methods and market condition with **ROI** data).

Response to Arguments

7. Applicant's arguments with respect to **claims 1-10** have been considered but are moot in view of the new ground(s) of rejection.

Conclusion

8. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

9. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

Slyke et al (US 2002/0042770 A1) discloses Liquid Insurance Contracts.

Makivic (6,061,662) discloses the valuation of derivative financial instruments.

Squyres 7, 222, 95) discloses Method and System for comparison and evaluation of investment Portfolio.

10. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Mohamed H. Ali whose telephone number is 571-270-3021. The examiner can normally be reached on 8.00 to 5.30.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Kramer can be reached on 571-272-6783. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

MA

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